



# GENERAL ASSEMBLY

## COMMONWEALTH OF KENTUCKY

### 2012 REGULAR SESSION

---

HOUSE BILL NO. 50

---

FRIDAY, FEBRUARY 24, 2012

---

The following bill was reported to the Senate from the House and ordered to be printed.

RECEIVED AND FILED  
DATE April 11, 2012  
11:05am  
ALISON LUNDERGAN GRIMES  
SECRETARY OF STATE  
COMMONWEALTH OF KENTUCKY  
BY [Signature]

1 AN ACT relating to refunding transactions.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 56 IS CREATED TO  
4 READ AS FOLLOWS:

5 (1) As used in this section:

6 (a) "Asset/liability commission" means the Kentucky Asset/Liability  
7 Commission established by KRS 56.861;

8 (b) "Commission" means the State Property and Buildings Commission  
9 established by KRS 56.450;

10 (c) "General fund" has the same meaning as in KRS 48.010(15)(a);

11 (d) "Present value savings" means the difference expressed in terms of current  
12 dollars between debt service on refunded bonds and debt service on  
13 refunding bonds;

14 (e) "Refunded bonds" means outstanding bonds, notes, or other obligations  
15 that were issued at any time, and that are refinanced through a refunding  
16 transaction;

17 (f) "Refunding bonds" means new bonds, notes, or other obligations issued to  
18 refund outstanding bonds, notes, or other obligations including redemption  
19 premiums and any interest accrued or to accrue to the date of redemption as  
20 part of a refunding transaction;

21 (g) "Refunding transaction" means a transaction:

22 1. Whereby outstanding bonds, notes, or other obligations are refunded  
23 by the issuance of new refunding bonds, notes, or other obligations;  
24 and

25 2. The transaction is directly supported in whole or in part by  
26 appropriations from the general fund or road fund;

27 (h) "Revenue shortfall" has the same meaning as in KRS 48.010(18);

1 (i) "Road fund" has the same meaning as in KRS 48.010(15)(g); and

2 (j) "State agency":

3 1. Includes:

4 a. Any state administrative body, agency, department, or division as  
5 defined in KRS 42.005; and

6 b. Any board, commission, institution, or division exercising any  
7 function of the state;  
8 with the authority to issue bonds, notes, or other obligations, and to  
9 enter into refunding transactions with respect to those bonds, notes, or  
10 other obligations; but

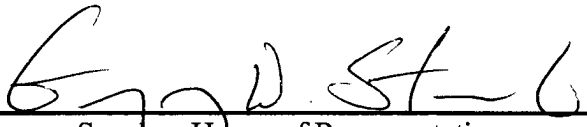
11 2. Does not include universities that are part of the postsecondary  
12 education system, as defined in KRS 164.001.

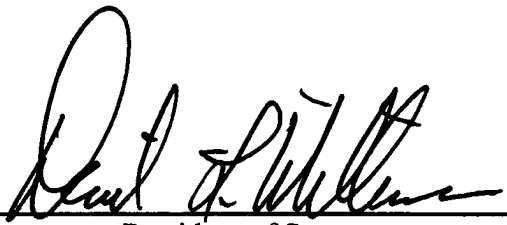
13 (2) Notwithstanding any other provision of the Kentucky Revised Statutes, the  
14 savings generated from reduced debt service payments during a fiscal biennium  
15 as a result of any refunding transaction undertaken by the commission, the  
16 asset/liability commission, or any state agency that:

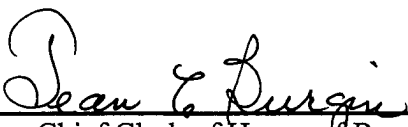
17 (a) Results in a reduction in required debt service during the fiscal biennium;  
18 and

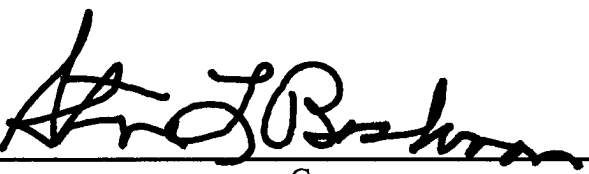
19 (b) Does not result in positive net present value savings;  
20 shall be deposited in the budget reserve trust fund account established by KRS  
21 48.705, and shall not be used as part of any budget-balancing measures adopted  
22 or taken by the executive branch either in response to a revenue shortfall, or to  
23 address expenditure reductions required by an enacted biennial budget for the  
24 executive branch.

25

  
\_\_\_\_\_  
Speaker-House of Representatives

  
\_\_\_\_\_  
President of Senate

Attest:   
\_\_\_\_\_  
Chief Clerk of House of Representatives

Approved   
\_\_\_\_\_  
Governor

Date 4-11-12